



CITY OF INGLEWOOD

OFFICE OF THE CITY MANAGER



DATE: October 19, 2016

TO: Oversight Board to the Successor Agency to the Former Inglewood Redevelopment Agency

FROM: Artie Fields, Executive Director of City of Inglewood as Successor Agency to Former Inglewood Redevelopment Agency

SUBJECT: Refunding of the Series 2003A and the Series 2007A-1 Tax Allocation Bonds

Recommendation

The Oversight Board to the Successor Agency to the Former Inglewood Redevelopment Agency (Oversight Board) is being asked to adopt a resolution providing for the issuance of refunding bonds of the City of Inglewood as Successor Agency to the former Inglewood Redevelopment Agency (Successor Agency), making certain determinations with respect to the refunding bonds and providing for such other bond refunding related matters.

Background

On May 27, 2012, the Successor Agency received confirmation from the California Department of Finance (DOF) that all outstanding former Inglewood Redevelopment Agency's Tax Allocation Bonds were recognized by the State as enforceable obligations and that debt service payments on these bonds could be paid from the Redevelopment Property Tax Trust Fund (the "RPTTF"). In addition, certain other former Inglewood Redevelopment Agency (Former Agency) obligations were approved by DOF as enforceable obligations.

Due to the dissolution of redevelopment agencies, the Successor Agency is now charged with paying the Former Agency's outstanding enforceable debt obligations. Per AB 1484, the Successor Agency may refund existing bonds, with approval of the Oversight Board and the DOF, for the purpose of generating debt service savings.

In May 2003, the Former Agency issued \$16,157,175.05 of Merged Redevelopment Project Tax Allocation Refunding Bonds, Series 2003A (the "2003A Bonds") for the purpose of refunding the Former Agency's Century Redevelopment Project 1993 Tax Allocation Bonds and the Inglewood Public Financing Authority's 1992 La Cienega Redevelopment Project Loan Revenue Bonds. As of May 1, 2015, the 2003A Bonds were eligible for early redemption without a premium.

In December 2007 the Former Agency issued \$67,230,000 of Merged Redevelopment Subordinate Lien Tax Allocation Bonds, Series 2007A-1 (the "2007A-1 Bonds") along with two other series of taxable bonds. The 2007A-1 Bonds were issued for the purpose of financing tax-exempt eligible redevelopment projects including a senior center and Century Boulevard street improvements. The remaining 2007A-1 Bonds carry interest rates ranging from 3.75% to 5%. The 2007A-1 Bonds maturing on or after May 1, 2018, are subject to redemption, without premium, on or after May 1, 2017, and are also eligible for defeasance (advance refunding) at any time.

Discussion

Interest rates are currently at historic lows. By issuing refunding bonds (the "2016 Refunding Bonds") to refund the 2003A Bonds and the 2007A-1 Bonds in an amount not to exceed \$80 million and without extending the current maturity date of either bond issue, a total debt service savings of over \$13 million, with net present value savings of over 15%, will be generated. The final savings amount will depend on the market interest rates in effect at the time the 2016 Refunding Bonds are priced. However, it is safe to assume that the final net present value savings will far exceed the traditional minimum threshold amount of 3%. Based on the redevelopment dissolution laws, the estimated annual savings amount should exceed an average of \$800,000 per year through 2038.

Pursuant to Health & Safety Code Section 34177.5(f), once the bond indenture for the 2016 Refunding Bonds has been drafted and the Successor Agency has authorized the issuance of the 2016 Refunding Bonds, the Oversight Board may then direct the Successor Agency to complete the issuance of the 2016 Refunding Bonds. Once this occurs, the Successor Agency will be allowed to recover its related administrative costs through either the 2016 Refunding Bonds' proceeds, if issued, or if not, through the ROPS process.

Once the bond indenture for the 2016 Refunding Bonds and the issuance of the 2016 Refunding Bonds have been approved by the Successor Agency and the Oversight Board, the indenture and related documents must be sent to DOF for review and approval before the 2016 Refunding Bonds can actually be issued. The DOF is allowed up to 65 days to review any actions of the Oversight Board. Assuming approval by the Oversight Board occurs in October, 2016, the DOF would have until early December 2016 to review the action by the Oversight Board.

Fiscal Impact

The proposed 2016 Refunding Bonds will generate at least \$13 million in total debt service savings net of all costs of issuance, providing an average of over \$800,000 in annual savings through 2038. These savings can then be allocated towards retiring other enforceable obligations and/or shared among the other taxing entities as residual revenues. The term of the 2016 Refunding Bonds will not exceed the term of the bonds being refunded.

The 2016 Refunding Bonds are not a debt of the City or the County. The source of repayment of the 2016 Refunding Bonds will be limited to tax revenues in amounts equivalent to the Former Agency's tax increment revenues and deposited by the County into the Successor Agency's Redevelopment Property Tax Trust Fund. Related costs of the Successor Agency will either be recovered through the 2016 Refunding Bond proceeds, or if the 2016 Refunding Bonds are never issued, costs may be recovered through the ROPS process.

ATTACHMENTS:

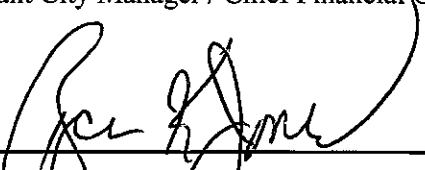
Attachment 1	Resolution
Attachment 2	2016 Indenture
Attachment 3	2003 Indenture
Attachment 4	2007 First Supplement to Indenture
Attachment 5	Escrow 2003A
Attachment 6	Escrow 2007A-1

APPROVAL VERIFICATION SHEET

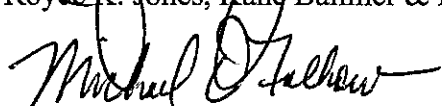
PREPARED AND PRESENTED BY: David Esparza, Assistant City Manager / Chief Financial Officer

REVIEWED AND APPROVED BY:

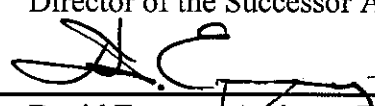
SPECIAL COUNSEL FOR SUCCESSOR AGENCY:


Royce K. Jones, Kane Ballmer & Berkman

ASSISTANT CITY MANAGER APPROVAL:


Michael D. Falkow, Assistant Executive
Director of the Successor Agency

ASSISTANT CITY MANAGER APPROVAL:


David Esparza, Assistant Executive Director
of the Successor Agency / Chief Financial
Officer

CITY MANAGER APPROVAL:


Artie Fields, Executive Director of Successor Agency